

FAIRVIEW HOMES ASSOCIATES

c/o The National Housing Partnership

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May 11
March 4, 1998

FAIRVIEW HOMES APARTMENTS

NEWARK, NJ

FHA PROJECT NO. 031-35118-LD-L8

**NOTICE OF INTENT TO PARTICIPATE IN THE
RESTRUCTURING DEMONSTRATION PROGRAM**

FAIRVIEW HOMES ASSOCIATES, a New Jersey limited partnership ("Owner") is the owner of FAIRVIEW HOMES APARTMENTS (the "Project"). The Owner has a contract for Section 8 project-based Housing Assistance Payments ("HAP"), for the apartment units comprising the Project, with the U.S. Department of Housing and Urban Development ("HUD"). The HAP contract will expire February 4, 2002.

The Owner, in conjunction with an unaffiliated third party that will be purchasing the Project, intends to participate in HUD's Portfolio Reengineering Demonstration Program. Pursuant to HUD guidelines for the Portfolio Reengineering Demonstration Program, published in the Federal Register on January 23, 1997 (the "Guidelines"), the Owner is providing you with the following information and notices:

1. Request to Participate in the HUD Portfolio Reengineering Demonstration Program. A copy of the Request to Participate in the HUD Portfolio Reengineering Demonstration Program is attached. This Request was sent to the Director of Multifamily Housing at the local HUD office.
2. Tenant Protections. After successful completion of the Demonstration Program, certain protections will be available to the Tenants of the Project. Section V.E. of the Guidelines orders that the Owner "be required for a period of up to 20 years from the date of closing of the Demonstration Restructuring, to accept each offer by HUD to renew the project's HAP contract." Section V.F. of the Guidelines also provides that:

"Any eligible family residing in a project-based Section 8 assisted unit, covered by an expiring HAP contract that is not renewed, will be offered tenant-based assistance as provided in Housing Notice H 96-89 prior to the date on which the project-based HAP contract expires. If the tenant chooses not to request a

renewal and if proper notice [of HAP contract expiration] was not given, the owner must permit the tenants assisted by the expiring Demonstration Agreement to remain in their units for the full [HAP contract expiration] notice period without increasing the tenant portion of the rent under the Demonstration Agreement. Public housing authorities will be allocated additional HAP contract authority on an annual basis in order to assure that families so affected will be provided tenant-based Section 8 contracts. Public housing authorities will be responsible for administering the issuance of these tenant-based Section 8 contracts."

3. Project Tenants, the Local Government, and the Lender may provide written comment. The individuals and entities to whom this notice is addressed, which are the Project Tenants, the Local Government, and the Lender, have the opportunity to provide written comment, and are particularly encouraged to provide written comment, on the Project's physical needs and property management.
4. Comments should be sent to the appropriate Director of Multifamily Housing. Comments should be sent to the Director of Multifamily Housing, U.S. Department of Housing and Urban Development at the address indicated on the enclosed Request to Participate. Written comments will be accepted for up to forty-five (45) days after the date of execution of the Demonstration Agreement.
5. Information Regarding the Pre-Inspection Meeting. In connection with the Portfolio Reengineering Demonstration Program, HUD will hire a contractor (the "Due Diligence Contractor") to evaluate and prepare a report on the physical needs of the Project (the "Physical Needs Assessment"). Prior to preparation of the Physical Needs Assessment, a pre-inspection meeting will be held at the Project. Up to three (3) representatives of the Project tenants and their technical consultants, if any, will be invited to the pre-inspection meeting. Up to three (3) representatives of the Local Government and the Lender, and their technical consultants, if any, will be invited to the pre-inspection meeting. The Owner will provide a separate ten (10) day notice of the pre-inspection meeting to the Tenants, Local Government and the Lender. Any written comments received by the time of the pre-inspection meeting will be provided to the Due Diligence Contractor. Upon completion of the Physical Needs Assessment, a copy of the Physical Needs Assessment will be provided to the Tenants, Local Government and the Lender.
6. Information regarding a brief summary of the Restructuring Commitment. After the Physical Needs Assessment has been completed, HUD will issue its restructuring commitment to the Owner (the "Restructuring Commitment"). The Owner will provide the Tenants, Local Government and the Lender with a brief summary of the Restructuring Commitment.
7. Information regarding the possible appeal of the Restructuring Commitment. If the Owner chooses to appeal or reject the Restructuring Commitment, the Owner will notify the Tenants, Local Government and Lender in writing concurrently with its submission of

such appeal to HUD. The Tenants, Local Government and Lender will have twenty (20) days from the date of the appeal submission to provide written comments to HUD.

8. Local community and neighborhood representatives. The Local Government is encouraged to apprise representatives of the local community and neighborhood of this notice.

FAIRVIEW HOMES ASSOCIATES, a
New Jersey limited partnership

BY: The National Housing Partnership,
its General Partner

By: The National Corporation for Housing
Partnerships, its sole general partner

By: Robert Ujakovich
Robert Ujakovich
Senior Vice President